

Crisis Called for Bold Measures, Roh Says

By Clyde Haberman
New York Times Service

SEOUL — Roh Tae Woo, the chairman of the ruling party, who altered South Korean politics last week with surprising proposals for democratic change, said he acted because he felt Koreans wanted sweeping, epoch-making, bold measures.

Mr. Roh said that relentless street protests and warnings that the army might be summoned were on his mind when he suddenly reversed course Monday and yielded to opposition demands for direct election of South Korea's next president. But he insisted that street clashes were "not the major consideration."

"If the protests continue and no solution is found," he said, "we know from experiences in the past that military intervention is inevitable. But I think that political settlement of the issue is the only way to meet the mind, to meet the heart of the Korean people."

There have been reports that troops were ready to be mobilized at a critical moment during the recent political crisis, and Mr. Roh indirectly confirmed that some sort of military action was contemplated at one point.

"Some people quite concerned about the situation raised the possibility," he said. "However, a decision to that effect was not made, so far as I know."

"Today's Korean military is a Korean people's military," he said.

At the same time, he predicted

"They will not do what the Korean people do not want."

Mr. Roh declined to say clearly whether he had cleared his plan with President Chun Doo Hwan, and he said that consultations with the military would "not be appropriate." But he added that he had been "quite confident" that he enjoyed their support before making the move.

He also said he had talked with professors, journalists, students and religious and business leaders, and as a result became convinced that Koreans wanted to "choose their own leaders through their own votes."

"They want sweeping, epoch-making bold measures, which should transcend partisan political considerations," he said.

Mr. Roh discussed his role in the South Korean crisis in an interview in an office in central Seoul, away from the headquarters of his Democratic Justice Party.

Although he meets infrequently with foreign reporters, he seemed relaxed, speaking in a soft voice and sipping tea. His remarks were translated by a national assemblyman and close adviser, Hyun Hong Choo.

Mr. Roh's confidence was demonstrated when he said that if his proposals go into effect, "I will be recorded in history as a person who made a substantial contribution to the democratic development of this country."

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his party could win an election, and he hoped they would usher in "a new era of democratic development and mature politics."

Mr. Roh said: "President Chun and I shared the view that this country should develop into a fuller, more mature democracy since a long time ago."

"Because we share these principles, I feel quite confident that if I made my proposal, President Chun would understand it and positively accept it. Whether I had a chance to discuss these measures with the president before the announcement was made would not be very important in this sense."

As for the military, he said: "Consulting with active-duty officers on this political subject would not be appropriate. However, I understand our military and they support democracy. Therefore, I also feel quite confident that the military would fully support my proposal."

Mr. Roh declined to discuss reports in Korean newspapers Sunday that the ruling party is thinking of making him its president, a position now held by Mr. Chun. "Any such action presumably would be intended to bolster Mr. Roh's standing as he prepares for a presidential race later this year."

On Saturday, he shook hands with the men most likely to be his rivals, Kim Dae Jung and Kim Young Sam, at a U.S.-Independence Day party held at the residence of the American ambassador, James R. Lilely. It was the first time that Mr. Roh and Kim Dae Jung had met, and their brief encounter underlined the starkly altered political situation in South Korea.

Only seven years ago, Mr. Kim was sentenced to death on sedition charges widely believed to have been fabricated by Mr. Chun and fellow-generals who had seized power. Now, supposedly, he is about to have his rights restored in full, creating political possibilities whose long-term implications are not yet clear.

There was added irony in the site of the meeting. Until a year ago, Mr. Kim had not been invited to official American receptions, and since 1980 no U.S. ambassador has met him for formal talks.

Before the party Saturday, the two Kims toughened their anti-government stand, saying they would not begin negotiations on direct elections with the ruling party unless all political prisoners were first released and their rights restored.

Those negotiations were expected to begin in about a week, after each side put forth its proposed constitutional amendment for direct elections.

WORLD BRIEFS

Bombs Kill 7 on Zia Coup Anniversary

LAHORE, Pakistan (Reuters) — Seven people were killed and at least one injured here Sunday when three bombs exploded within 10 minutes of one other, police said. Sunday was the 10th anniversary of the military coup that brought President Muhammad Zia-ul-Haq to power.

One bomb killed at least two persons on a platform at the Lahore railroad station and another at a taxi stand outside killed at least three persons injured in the blasts later died, the police said.

Opposition parties had planned to hold protest rallies in different parts of Lahore later Sunday to mark the anniversary but no big turnout was expected because of the intense heat.

India to Send 3d Relief Ship to Tamils

NEW DELHI (AP) — India will send a third shipload of relief supplies to the Tamil of Sri Lanka's northern Jaffna Peninsula on Tuesday, the Press Trust of India news agency said Sunday.

The vessel Indian Pride will ship 800 metric tons of food and fuel, the agency said. In two previous shipments, a total of 1,200 metric tons of supplies were sent.

New Delhi said thousands of civilians face starvation after a military push against Tamil separatists in their Jaffna stronghold. Colombo denied this and initially rejected aid. Sri Lanka protested after India parachuted supplies into the peninsula on June 4 but later agreed to accept six shiploads of supplies.

Israelis Urge Dismissal of a General

TEL AVIV (AP) — Israeli legislators urged Sunday that a reserve general who heads a Tel Aviv museum be dismissed because he publicly proposed reviving Arabs from the occupied territories.

General Rehavam Zeevi, formerly in charge of the military in the occupied West Bank, made the suggestion Saturday in a lecture at Tel Aviv University, and defended it Sunday on radio. Calling it a "population transfer," he said it should be done only by agreement with the Arabs and not by force.

About 1.4 million Palestinians live in the West Bank and Gaza Strip, which Israel has occupied since the 1967 Arab-Israeli war. General Zeevi said his idea did not apply to the 700,000 Arabs who are Israeli citizens.

Chirac and Kohl Mark Pact of 1962

REIMS, France (AP) — Prime Minister Jacques Chirac of France and Chancellor Helmut Kohl of West Germany met Sunday to reaffirm the friendship between their nations and to mark an historic strengthening of 25 years ago.

On July 4, 1962, General Charles de Gaulle met with Chancellor Konrad Adenauer to seal a French-German reconciliation that followed years of strained relations after World War II.

"It is right that today we consider yourself at home here, as I do when I am in Germany," Mr. Chirac told Mr. Kohl at the city hall. After Mass and lunch, the two leaders visited the village De Gaulle chose for his retirement in 1969 and the small cemetery where he is buried.

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25 Dead as Communists, Philippine Troops Clash

MANILA — Violence over the weekend has left 25 people dead in the Philippines, according to police and military reports.

The deaths came in clashes between government troops and Communist rebels in seven provinces, including an encounter near the U.S. Clark Air Base, the report said.

The police said three soldiers were killed when New People's Army rebels armed with grenade launchers Saturday night raided a village a little more than a mile (about two kilometers) from Clark, one of the largest U.S. military bases overseas.

The raid coincided with an Independence Day celebration by U.S. servicemen and Filipino residents at the base.

Six civilians and four soldiers were killed when guerrillas ambushed an army truck crossing a river in northern Isabela Province on Friday, the military said.

Five rebels and two soldiers were killed in a battle that began at dusk Saturday and ended Sunday morning in a mountain village outside Cebu City, in the central Philippines.

Major Cesar Enriquez, who led troops in the fighting, said a 50-man rebel band escaped helicopter gunships by fleeing into tunnels dug inside caves by Philippine resistance fighters during World War II.

Colonel Isleta said the military had not identified the persons behind the bombings, "but definitely they are out to destabilize the peace and order situation in the country, whether they are leftists or rightists."

Meanwhile, supporters of Ferdinand E. Marcos, the former president, said Sunday they were gathering signatures for a petition asking Pope John Paul II to remove Cardinal Jaime L. Sin from the country for participating in politics.

Cardinal Sin played a major role in installing President Corazon C. Aquino when he called on Filipinos to support a military uprising that drove Mr. Marcos into exile in February 1986.

A copy of the petition was circulated at a rally by 500 Marcos supporters in central Manila on Sunday. The police said another group of 100 Marcos loyalists demonstrated outside Cardinal Sin's home.

Haitians Urge to Continue Protests

PONT-AU-PRINCE, Haiti (NYT) — The leaders of the protests last week have said "too much blood has flowed" for them to accept concessions, and vowed to continue their campaign to topple the military headed by Lieutenant General Henri Namphy.

The protest leaders began new demonstrations Monday. "The Haitians people must stay on the streets and guard themselves of what maneuvers the government," the leaders said in a statement. "We can't trust the people in the government anymore."

Since the protests started a week ago in a dispute over control of the electoral process, soldiers have killed more than 20 persons and wounded more than 100. Late last week the government restored full authority to a civilian electoral commission.

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Exactly what happened to the passenger, a 28-year-old Chicago man sailing from St. Thomas in the Virgin Islands to New York, is still unclear, according to a Coast Guard spokesman.

The spokesman said that crew members aboard the British ocean liner survived the damage from an Israeli air raid on the Bekaa Valley in Lebanon. The photo, in fact, showed damage from a car bombing Thursday in Beirut.

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Miscues and Late Consultation Doomed Gulf Plan in Congress

By David B. Ottaway
and David Hoffman
Washington Post Service

WASHINGTON — President Ronald Reagan failed to order a formal intelligence assessment of the dangers of his Gulf policy, did not consult his political advisers about domestic consequences and first consulted Congress almost a week after the key decision had been made to protect Kuwaiti tankers, according to congressional leaders.

As a result, Mr. Reagan's hopes for bipartisan support appear to be dashed, and the plan to place 11 Kuwaiti oil tankers under the protection of the American flag is about to begin without strong backing on Capitol Hill from Democrats or Republicans.

Administration officials continue to insist that they repeatedly sought to consult key congressional committees about the plan but that, as Secretary of State George P. Shultz put it, "at the time we couldn't even get members of Congress to listen as we tried to brief them."

The administration's chronology — released June 15 — shows, how-

ever, that U.S. officials made all the important decisions in January and February, and the process was speeded up when they discovered in late February that the Soviet Union had agreed to reflag five Kuwaiti tankers.

They gained Mr. Reagan's approval of the plan in the first week of March and formally told Kuwait on March 7 that the United States would protect the 11 tankers.

Five days later, the administration made its first offer to brief the Senate and House Middle East subcommittees. Staff members for the two panels were briefed on March 19, according to the administration chronology.

The first high-level administration briefings were given on March 30 and 31, three weeks after Kuwait had been informed, when Assistant Secretary of State Richard W. Murphy met privately with various House and Senate subcommittees.

Presenting Congress with a fait accompli has infuriated the Democratic leadership and placed the administration's Republican allies — many of whom are as upset as the Democrats — in an embarrassing position.

Senate and House members are calling on the administration to set up a procedure for regular consultations on potentially controversial foreign policy commitments.

Administration officials, while insisting that the president has the prerogative to make foreign policy, concede that serious mistakes were made in dealing with Congress on the Kuwaiti reflagging plan.

"I can't say the administration has done the best possible job of explaining" the decision on Kuwait, one senior administration official said. "Obviously, they haven't."

One senior official acknowledged that there had not been enough consultation with Congress at critical points during the policy-making process. "That's how this whole thing got out of control," the official said.

Administration officials note that even after consultations with key committees got under way after mid-March, little interest or opposition was expressed. Only after an Iraqi plane attacked the U.S. Navy frigate Stark on May 17 in the Gulf did the Kuwaiti reflagging plan grab the attention of Congress, they said.

Other White House sources said that one reason for the confusion was that Mr. Baker did not over from Donald T. Regan until March 2. It then took him several weeks to get organized.

By then, all the important decisions had been made, largely by Mr. Carducci and his aides, who were pressing a new "activist" policy to show U.S. support for moderate Arab allies following revelations of secret U.S. arms shipments to Iran.

The main White House problem in the Kuwaiti reflagging plan seems to have been a lack of coordination, although there clearly have been differing views between Mr. Reagan's political and foreign policy advisers over how far to go in consulting Congress.

When key decisions were being made in January and February, the president was recovering from prostate surgery and Mr. Regan was fighting to keep his job. No one at the White House was focusing on the political implications of risking a military confrontation with Iran in the Gulf.

The reflagging plan might have stalled through Congress with little opposition had the Stark not been hit. Once that happened, the consultation process began unraveling as the White House was hit with "what-if" questions," the aide said.

In the aftermath, the more politically sensitive of Mr. Reagan's advisers, including Howard Baker and Treasury Secretary James A. Baker 3d, argued that Congress should be informed under the 1973 War Powers Resolution. This would have required regular consultations and periodic congressional approval of the continuing use of U.S. warships to escort Kuwaiti tankers in the Gulf.

But Defense Secretary Caspar W. Weinberger, backed by Mr. Shultz and lawyers from the State and Defense Departments, opposed invoking the act and convinced Mr. Reagan that it was not "legally" necessary.

Making matters worse for the White House, key congressional leaders, such as Representative Les Aspin, Democrat of Wisconsin, who is chairman of the House Armed Services Committee, discovered that the administration had ordered no formal interagency assessment of the risks in sending U.S. warships to protect the tankers of a nation that Iran regards as an enemy in its war with Iraq.

Iranian officials have scoffed at reports that the United States

is alienated many liberals while serving as Mr. Reagan's budget director by cutting welfare programs.

Later he irritated conservatives with his unflattering description of some administration officials in his book "The Triumph of Politics." So when Senator Bob Dole, who is seeking the Republican nomination for president, called at Mr. Stockman's Wall Street office, a source close to Mr. Dole said Mr. Stockman told the senator: "Bob, I'm for you, I really want you to win. So I'll either support you or oppose you, whatever you think will help."

— ARTHUR HIGBEE

LONDON: Monday, Tuesday, Wednesday

FRANKFURT: Tuesday, Wednesday, Thursday

PARIS: Tuesday, Wednesday, Friday

ROMA: Wednesday, Saturday, Sunday

AMSTERDAM: Thursday, Saturday

EUROPE

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available luxuries.

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'Martyr' Strategy Questioned in Iran

By Elaine Sciolino
New York Times Service

WASHINGTON — Some of Iran's clerical leaders appear to oppose the "human wave" assaults in which thousands of ill-trained and ill-equipped troops cross the border to face "martyrdom" at the hands of the Iraqis.

The strong indications of such a position come despite Iran's pledge to wage war with Iraq, which began in 1980, until the Baghdad government is overthrown.

The human-wave assaults have been perhaps the most important part of Iran's strategy in its land war against Iraq, whose population is one-third the size of Iran's.

The assaults have apparently convinced Iraq and its neighbors that Iran has both the manpower and the willpower to continue fighting indefinitely, despite Iraq's superior arsenal.

At a news conference last month, Hashemi Rafsanjani, the speaker of the Majlis, Iran's parliament, outlined a strategy of retaliatory strikes and limited offensives based on caution rather than fervor.

Mr. Rafsanjani has emerged as Iran's chief foreign policy maker, and his remarks are the first high-level articulation of the idea that the human-wave assaults have been

It is unlikely that he would make such remarks without the approval of Ayatollah Ruhollah Khomeini, the Iranian leader, who, he said, was aware of the strategy.

His remarks concerned the land war and are likely to have little effect on Iranian plans to continue attacks on ships in the Gulf.

Surprise in an offensive is essential "to prevent extensive casualties," Mr. Rafsanjani said.

Actor King Donovan Dies of Cancer at 69

The Associated Press

BRADFORD, Connecticut — King Donovan, 69, an actor and comedian whose career on stage, film and television included more than 30 shows with his wife, the comedian Imogene Coca, died of cancer Tuesday.

Mr. Donovan made his Broadway debut in 1948 in "The Vigil." He played a police sergeant in the 1951 movie "The Enforcer" and a press agent "Singin' in the Rain" in 1952.

In the late 1950s he appeared as Harvey Helm on the TV series "Love That Bob," with Robert Cummings, and then as Gracie Allen's brother on "The George Burns and Gracie Allen Show."

During the 1960s he played Herb Thornton, the next-door neighbor in the TV series "Please Don't Eat the Daisies."

His performances with his wife included a national tour of the musical "Once Upon a Mattress."

Valcav Cerny, Dissident And Slavic Scholar

VIENNA (AP) — Valcav Cerny, 82, a noted Czech scholar and an early signer of the Charter 77 human rights manifesto, died Thursday.

Mr. Cerny joined the National Security Council when it was established in 1947, and was named executive secretary in 1950, when Rear Admiral Sidney W. Souers retired.

He held that job until 1961, when he transferred to the CIA as deputy assistant to Allen W. Dulles, the director of central intelligence. Later he was named executive secretary to the U.S. Intelligence Board.

THERE'S ONLY ONE GIN FOR THE WELL-INFORMED.



Promises of Evian Accords Remain Empty 25 Years After Algerian Independence

By Barry James
International Herald Tribune

Algeria marked 25 years of independence from France on Sunday with scarcely a thought for the special relationship that was supposed to have existed between the two countries after 132 years of colonial rule.

Two thirds of the Algerian population has been born since the seven-year war of independence, and the passions of those years have largely faded.

France has lost its position of pre-eminence but remains one of the country's main trading partners, although business has been hurt by the decline in the value of Algeria's petroleum and gas exports.

Political and diplomatic links are correct, and French continues to be spoken by educated Algerians. But all this falls far short of the intentions of the Evian accords between the French government and the Algerian guerrilla leaders, which ended the war in March 1962.

The agreements envisaged the continuing presence in Algeria of hundreds of thousands of Europeans with guaranteed property rights, a share of appointments in the public service and their own seats in the parliament.

In return, Algeria was to remain within the

French franc zone. France, then ruled by Charles de Gaulle, promised to support Algeria's economic and social development and to provide a preferential market for its goods.

Once independence was achieved, the accords were quickly forgotten. Algeria formally marked its independence day Sunday with displays of fireworks, rallies and a youth parade. There was no official mention of the Evian agreements.

France was represented at the celebrations by its justice minister, Albin Chatandon, who rubbed shoulders with guests including Yasser Arafat, chairman of the Palestine Liberation Organization; the Vietnamese war hero General Nguyen Giap; and Sergio Ramirez, the vice president of Nicaragua.

By contrast, a rally in Nice last weekend of up to 300,000 *pieds noirs*, as former French settlers in Algeria are known, appeared to have made more of a political mark in Paris. It was attended by Prime Minister Jacques Chirac and many other political figures.

The Evian accords were nullified by the panicky exodus of nearly a million pieds noirs in the months following independence. In Algeria, tens of thousands of Moslems who had fought on the French side were massacred.

The promise of economic cooperation was equally empty. In 1963 the French government barred Algerian wine under pressure from French farmers. In 1971, Algeria nationalized French petroleum interests in the country, putting an end to any lingering thoughts of a special relationship.

Instead, Algeria has followed a policy of

National Liberation Front, the ruling and only party, the government is encouraging private enterprise and wants more foreign companies to set up joint enterprises with state concerns.

Despite competing bids from Peugeot and Renault, one of the first beneficiaries of the new cooperative mood was Italy's Fiat automobile company.

France is still Algeria's main supplier. Algeria is its biggest market in the Third World, and its fifth biggest overall.

But the United States has become Algeria's biggest market, with France — which took 90 percent of Algerian exports in 1962 — in third place after Italy.

The fall in the value of oil and the decline of the dollar, in which oil is priced, have limited trade between Algeria and the capitalist countries.

French exports to Algeria dropped to 16 billion francs (\$2.6 billion) in 1986 from 21.4 billion in 1983, a fall of almost 27 percent. Imports from Algeria fell 41 percent to 11.7 billion francs last year from 20.3 billion in 1985.

French exports to Algeria declined a further 40 percent in the first four months of 1987 compared with the corresponding period last year, and imports fell 50 percent in value.

Together with the problem of repaying a \$17 billion external debt, the loss of export earnings has cast a shadow over Algeria's 1985-89 \$110-billion development plan, which for the first time places more emphasis on agriculture than on the development of heavy industry.

With known oil reserves waning, and Algeria

likely to be a net oil importer before the end of the century, the government is desperately seeking to achieve self-sufficiency in food by the early 1990s to meet the needs of one of the world's fastest-growing populations.

Algeria now exports about 80 percent of its food and cultivates only about 3 percent of its land.

Growing by an average of 3.2 percent a year, the population has increased 150 percent since independence, to about 24 million. Sixty percent of Algerians are less than 20 years old. Demographics produce another troubling of the population by the end of the century.

France is already having difficulty absorbing more than 300,000 Algerian immigrants. And officials privately say they are concerned about the security problems posed by the combination of high population growth in the North African countries and a potential rise of Islamic fundamentalism.

Algerian officials say France can help solve the problem by providing more development aid and opening its markets to a broader range of products. Today, nearly 90 percent of Algeria's exports to France consist of petroleum products and natural gas.

'It has not been easy for the French to accept our desire for total independence, but since the beginning of the 1980s our relationship has reached a certain cruising speed.'

— A senior Algerian diplomat.

strict nonalignment, selling oil to the United States, buying most of its weaponry from the Soviet Union and diversifying its patterns of trade as much as possible.

Under the pragmatic leadership of President Chadli Bendjedid, the government approved a new national charter last year, turning away from Soviet-style economic methods.

Despite opposition from hard-liners in the

The often stormy relations between France and Algeria have improved since Mr. Chadli visited Paris in 1983 and announced that "we have turned the page" on the war.

"It has not been easy for the French to accept our desire for total independence," a senior Algerian diplomat said. "But since the beginning of the 1980s, I would say our relationship has reached a certain cruising speed."

With known oil reserves waning, and Algeria

Iran Ends Confinement Of French at Embassy

Compiled by Our Staff From Dispatches

PARIS — The Iranian government has agreed to allow French diplomats and embassy employees to move freely in Tehran, after keeping 28 persons confined to the French Embassy for five days — according to a Foreign Ministry announcement.

In a statement released Saturday, the French ministry said, "Iranian authorities decided Saturday afternoon to authorize embassy personnel to leave and return."

However, Iran retained the right to check the identity of all those departing and entering.

Eleven women, 16 men and a baby had been confined for five days to the French Embassy compound in Tehran in retaliation for a stakeout by French policemen at the Iranian Embassy in Paris.

The French authorities had been

looking for Wahid Gordji, who has been wanted since June 3 for questioning in connection with a wave of Paris bombings in September in which 13 persons were killed and 150 others were hurt. The French government has said he had contact with the suspected bombers.

In Amman, Jordan, Foreign Minister Jean-Bertrand Raimond of France said Sunday that Mr. Gordji must answer a summons by French counterterrorism authorities.

"The problem is very simple," he said. "Mr. Gordji, a member of the Iranian Embassy, must surrender to the summons of the prosecutor, and from that moment all the measures taken around the embassy will be lifted."

Iran wants guarantees that Mr. Gordji, who does not have diplomatic status, will not be arrested if he leaves the embassy.

Mr. Raimond, who has cut his planned stay in Amman to two days from three because of the diplomatic crisis, confirmed that Iran had lifted a blockade of the French Embassy in Tehran.

He said the conditions on access were the same as those at the Iranian Embassy in Paris.

Mr. Gordji is listed officially as a translator but is considered by the French authorities to be a key figure in clandestine activities. He took refuge in the Iranian Embassy and presented himself Thursday night, translating at a news conference. He has not yet agreed to be questioned.

According to the latest Foreign Ministry statement, no visitors apart from doctors were being allowed into the French mission in Tehran.

In addition to those at the French mission, 279 French citizens are thought to be living in Iran. Relations between the two nations have been badly strained because of French weapons sales to Iraq, which has been at war with Iran since 1980.

A Foreign Ministry spokesman said Pierre Laffranc, the French chargé d'affaires, was having talks with Iranian Foreign Ministry officials aimed at having Mr. Gordji present himself for questioning.

The Iranian chargé d'affaires in Paris, Ghoham Reza Haddadi, waited over an hour Saturday before the French police lifted the metal barriers at the entrance to the embassy at the entrance to the embassy for him.

It was not immediately clear why the police refused to let Mr. Haddadi's car pass. Sketchy accounts indicate that he may have refused to identify himself to the police, who have been checking all those entering and leaving the building.

Mr. Haddadi remained seated in his car, used its telephone and drank refreshments brought by a member of the embassy staff. The police refused to comment on the matter.

(AP, Reuters, AFP)

Waite Dead, A Kuwaiti Paper Says

The Associated Press

KUWAIT — A Kuwaiti newspaper reported Sunday that Terry Waite, 48, the Church of England's hostage negotiator who has been missing in Lebanon since Jan. 20, has died of natural causes.

The Syrian military command in Beirut's Moslem western sector, where Mr. Waite was last seen, and various Moslem militia officials in the Lebanese capital said they doubted that the report in the Al-Anbaa newspaper was true.

One police source, speaking on the condition of anonymity, said that "unless the kidnappers themselves come forth and reveal their identity and produce pictures of Waite, no one is going to believe" the report.

In an article carrying a Beirut dateline, Al-Anbaa quoted an unidentified Lebanese party figure as saying that he had "reliable information" that Waite died a natural death either last Tuesday or Wednesday.

Asked for evidence of the death, the source said: "I am under no obligation to do so. I knew of the death by accident."

In London, a Church of England spokeswoman, Ewe Kestly, said that the Most Reverend Robert Runcie, the archbishop of Canterbury, had no word that Mr. Waite was dead.

Officials contacted at the British Foreign Office also said they had not heard anything about Mr. Waite.

There have been reports that Mr. Waite was smuggled into Iran, where he is being held. Iranian leaders have denied that he is being held there.

Other reports had the church's envoy shot and wounded.

Mr. Waite disappeared in January in Lebanon shortly after he arrived to resume an effort to arrange the release of Western hostages held by pro-Iranian Shiite Moslem groups.

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Cairo, Its Potholes Gone, Speeds Into an Uncertain Future

(First of two articles.)
By Henry Tanner
International Herald Tribune

CAIRO — In a city that looks back on more than 4,000 years of history, one expects change to come slowly. But Cairo has been changing with dramatic speed, both on the surface and beneath it.

Coming in from the airport, a former longtime resident returning after nearly five years is unsettled by the ease with which the taxi — a limousine, no less — flies along elevated highways and dives through underpasses.

Downtown traffic may still seem congested and erratic to newcomers. But it is paradise to the veteran who remembers the early 1970s, when almost every car on the road was a 30-year-old antique trailing smoke.

The buses are still overcrowded, and at rush hour they still list under the weight of people crowding into the open doors. But the number of hangers-on is down, and the list is not nearly as perilous as it used to be.

The buses themselves are in reasonably good shape now. The skill of the driver, who, in 1972, was observed piloting his machine from the end of the city to the other without brakes — coasting up behind stalled cars and relying on his ticket taker to jump off and throw a brick under the wheel just before impact — is no longer needed. One wonders what became of him.

Sturdy new small buses with sit-

ting room only now supplement the regular ones.

Zamalek, which used to be a peaceful island in the Nile, is now an over-crowded asphalt jungle. But the Giza Club, where Lord Wavell, the British field marshal in North Africa, once took potshots at the crows that distracted him from

reporters to the airport for President Richard M. Nixon's arrival in 1974 was a prophet. "Tomorrow, no holes in street," he cried gleefully in English, bumping over many. The new friendship with America was expected to cure all ills.

President Anwar Sadat, too, was not as wrong as many thought at

that they were in the 1970s and early '80s.

When he told this to his Egyptian friends, many disagreed. Fatigue and resignation are what people feel, and not an absence of strain, they said. Others spoke of increased communal tensions.

But some agreed. Some thought

suitcase and later car by car, they were put on sale in a handful of old shops that had been given a coat of paint and turned into instant "boutiques" along single downtown streets.

That 200-yard stretch on Shawarbi Street became synonymous with the black, or free, market and a symbol of everything that was wrong, or hopeful, about Mr. Sadat's budding capitalism.

Today, small shops of the same appearance — with new, homemade facades of woodwork or masonry and fancy names — stand out by the thousands all over Cairo, even in the most blighted quarters.

Over the years a separate economy fed by workers' remittances has grown up within the national economy.

Is this good or bad? Can, or should, a country rely on the wages of its migrant workers? The debate is endless and is endlessly waged through the Cairo evenings.

Then he paused and smiled. He had remembered a story: President Nasser, it seems, being baffled by the behavior of the Egyptian economy after a few months in office, called in Hjalmar Schacht, the German financial whiz of the 1920s and '30s, and asked him for advice.

The old fox came, studied the situation and then gave his verdict.

"The Egyptian economy," he is supposed to have said, "is poised between take-off and total collapse, and nothing that any minister can possibly do will make it move either way."

Thirty years later, the phrase still echoes through Egyptian ministries.

state and the state-run companies. Their monthly salaries are still as low as \$60 pounds — less than \$30 plus bonuses of various kinds. A day maid, by comparison, asks for 10 pounds a day in an Egyptian household and more if she works for foreigners.

University graduates — the future teachers and civil servants — are still guaranteed a job upon graduation under a law passed by President Gamal Abdel Nasser more than 30 years ago. But in reality there are no jobs for them, and they have to wait.

So is Egypt sinking? Or is it finally going up?

"I am not so worried about the next five or 10 years," an economist said, discussing the recent rescheduling of Egypt's debt. "But if we don't make the necessary reforms during this period, we will become another Bangladesh."

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A modern highway cuts through old Cairo, linking the medieval district with Opera Square, at the city's center.

If we don't make the necessary reforms during this period, we will become another Bangladesh.'

— An economist, on the rescheduling of Egypt's debt

his golf and where Egyptian ladies still play a gentle game of croquet, remains an oasis for Cairo's old families and diplomats.

The skyline, of course, is studded with new luxury apartments and hotels. But even more striking are the towering construction cranes, which poke up everywhere. The first ones arrived in 1974. Until then the workers used to scramble up wooden scaffolds 10 stories or higher, carrying bricks and cement.

Then there is the new smoothness of the streets. Steaming contraptions move along like giant ironies laying down a magic macadam carpet. In the old days, the task was performed by barefoot Saidis from Upper Egypt, running from boiler to pothole balancing buckets of boiling tar on their heads and dodging traffic.

Now the potholes are mostly gone, on the main streets at least. And in hindsight the driver taking

the time when he kept promising that peace would bring prosperity. Peace and his "open door" economic policy, though filling the pockets of the few who needed it least, have made life better for millions of average Egyptians even though the national assembly has become more real. "Nobody is afraid anymore," one Cairo said.

Still others said that Islamic fanaticism aside, many Egyptians simply have rediscovered religious and traditional values with which they feel more at ease than with the Western goods and values they had imported wholesale when Cairo went on a binge of consumerism in the mid-'70s.

The economic pecking order has changed. Beginning in 1974, Egyptian workers returning from the Gulf started to bring back sweatshirts, slacks, dresses, Japanese radios, kitchen utensils and, later, television sets and refrigerators.

As the goods arrived, suitcase by

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Mr. Sadat is an all but forgotten man in Cairo now. He is seldom mentioned, and when he is, it is most often in discussions on the early excesses of his capitalism or the religious strife that his policy of playing off one community against the other helped foster. It is nevertheless true that without his vision and his gambles, and if Egypt were still at war, life in this capital would be infinitely worse.

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OPINION

INTERNATIONAL HERALD TRIBUNE

Published With The New York Times and The Washington Post

Breaking Out All Over

The need for dissonance — the marching music of democracy — was affirmed the other day in Moscow by, of all people, Andrei Gromyko, the Soviet president. Speaking to the Supreme Soviet, the former diplomat long known as "Old Stone Face" pleaded for dissent. He complained that debates "were over-organized and in many ways a formality" and had to change. "The times, the large-scale renewal drive and the democratization of society demand a precisely functioning mechanism of bringing out public opinion."

Now listen to Fang Lizhi, an astrophysicist fired from a university post after Chinese students demonstrated in support of his plea for more freedoms: "I consider that what we call democracy does not belong to the West. In culture, there are many things that belong to all of us. For example, in physics we cannot say that there is Chinese physics and Western physics. They are the same ... I think democracy is one of those concepts. If there is no democratization, there can be no modernization."

Mr. Fang is right. Democracy belongs to the world, not to the West. Americans espouse the cause of freedom, but hold no patent on it. Still, it is wonderfully gratifying to hear familiar generalities about liberty intoned as if they were revelations by a Chinese dissenter, a Korean mechanic and a humorless old Stalinist. The wheel is being reinvented all over the world, in societies as different as Marx and Confucius, in countries as poor as Haiti and as flourishing as South Korea.

None of this means that the Day of Democracy is at hand. Far from it. What can be credibly maintained is that the momentum with the values of freedom, and against all forms of tyranny. Highly centralized systems do not work. Dogmatic ideologies have trouble growing wheat and filling bellies. Bureaucracies cannot outguess free markets. Jailed scientists can scarcely be enthusiastic researchers. Wide use of computers is incompatible with obsessive security. A state that fails to respect the rights of citizens earns no respect.

It has become apparent to the ruled that dictators who tremble before poets have reason to fear for their own power. And dictators have learned that nobody believes a censored press, and that a lawful opposition offers the best mirror for emperors to judge their clothes, or lack thereof.

Of course the language of democracy sounds different when Mikhail Gorbachev talks about "restructuring." He told an interviewer recently: "There is but one aim: to strengthen even more consistently the power of the working people, grant them full freedom of creativity and expand the entire system of guarantees of the political and civil rights and freedoms of the Soviet people." Yet the implication is clear: that those freedoms are not now enjoyed by Soviet citizens — words almost as devastating as a plot for nonconformity from Andrei Gromyko.

Four years ago, writing with their fashionably despised, a prominent French intellectual solemnly argued that democracy "may, after all, turn out to have been a historical accident, a brief parenthesis that is closing before our eyes." At the least, the gloom of a Jean-François Revel seems premature, but even flat notes help compose the very music whose appeal is so plainly universal.

— THE NEW YORK TIMES.

Democracy for Panama

General Manuel Antonio Noriega is getting desperate. The Panamanian strong man, who had imposed a state of emergency to close off protests against his misrule, responded to U.S. criticism by lifting the emergency in order to permit a demonstration against the U.S. Embassy. Police protection was withdrawn while cabinet and ruling-party officials joined in the vandalism. When real demonstrators returned to the streets, the general had the police disperse them. The same police stood by and let armed men set fire to a building owned by publishers of the opposition newspaper, La Prensa.

General Noriega is not only a corrupt man but a shrewd one. He understands the resentment that some Panamanians feel at living in the shadow of the United States, whose interest in the Panama Canal gives it an exaggerated and not always sympathetic presence. He brands expressions of interest in democratization as interference in domestic affairs. He accuses Washington of fomenting unrest to undermine the arrangements providing for turning over the canal — the country's great national asset and reason for being. This is the spirit in which he received a solicitous Daniel Ortega of Nicaragua.

In the past the United States, seeking stability, built up and relied on the local defense force. That is how General Noriega and his predecessors got into the business of politics. But a business and commercial class has developed that demands a political system as modern as the country's economy. The time when people would accept General Noriega's sort of military rule is over.

Fortunately the United States, having modernized its state-to-state connection with Panama through Jimmy Carter's Panama Canal treaties, is now modernizing its connection to the Panamanian people. It was not possible to lean on the previous military leader, General Omar Torrijos, while counting on him as a partner in the treaty negotiations. It became possible to be holder when General Noriega took over, but Washington needed a jolt. One was provided by the homegrown peaceful protest against the government that began last month. By critical word and diplomatic deed, the Reagan administration has now separated itself from the military leadership and is openly identifying itself with the forces of democratic change. This is where the U.S. interest lies.

— THE WASHINGTON POST.

Opposite Economic Tasks

Japanese unemployment is rising. The rate last month hit 3.2 percent of the labor force — very low by American standards (let alone European), but the highest in generation for Japan. Meanwhile, unemployment is coming down in the United States. It was 6.1 percent last month, one percentage point lower than a year ago.

The reason for the increase in Japan is simply the high exchange rate of the yen. It is cutting into exports, and Japan has an export-driven economy. Measured in dollars, Japanese exports are still increasing, but that is because the dollar's exchange rate is down. Measured in volume, Japan's exports have been falling since March of last year. So far the decline has been small, but it is sufficient to affect jobs in Japanese manufacturing. In the United States, conversely, exports have begun to rise.

Japan has been slow to react to the fall of the dollar and the coming drop in the flow of Japanese goods into the American market. Rising unemployment will strengthen the case for a sharper swing in Japanese economic policy. The government in Tokyo moved this spring to push up internal demand and reduce the country's excessive dependence on exports as a source of growth. But the stimulus so far has been

modest, compared with the fall in foreign sales that now seems inevitable.

In the United States, policy faces the opposite question. With foreign sales going up as fast as wages and prices? The conventional view is that there is no danger of any very significant rise in inflation. But at some point a falling unemployment rate tightens competition for labor to a point at which wages begin to accelerate. No one knows precisely where that point lies, but the consensus among economists puts it at an unemployment rate somewhere between 5 and 7 percent. At the present 6.1 percent, unemployment is now close to the midpoint of that range. That is a powerful reason for President Reagan to work together with Congress on a substantial cut in next year's budget deficit.

Just as Japan has to raise internal demand as its exports fall, the United States has to reduce internal demand — generated by that huge budget deficit — as its exports begin to rise. The two most powerful economies in the world are now going through a demanding passage in which, to avoid disaster, speed and agility will be crucial. But both, so far, are reacting only slowly and reluctantly.

— THE WASHINGTON POST.

Other Comment

A Mixed Verdict on the Trial

It was no surprise that they found Klaus Barbie guilty of crimes against humanity and jailed him for life. In a way, it was already in the script of this splendidly produced, tightly directed trial.

Was the trial a success? Yes, if you want retribution against an evil old man who has been an intermittent menace to humanity for half a century. Yes, in most but not all ways, if you want a solemn rite of public memory to honor the victims of the Third Reich and to warn new generations of what happens to be regarded as entire human beings cease to be regarded as entire

ly human. But if you look to the Barbie trial for a good, clear process of justice whose outcome rests on the quality of the evidence, then the answer must be no.

Trials of this kind, after 40 years, are a matter of building a bridge between what we know to be true and what we can show to be true. Barbie was a tortured and a murderer who deported innocent men, women and children to their deaths. But the memories of those noble souls of many different hellish who came to the Lyon assize court in the past two months were often contradictory, often hazy or less than conclusive. So were many of the documents.

— Neal Ascherson in *The Observer* (London).

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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France

Tel: (1) 46.37.93.00. Tel: Advertising, 61232; Editorial, 612718; Production, 630698.

Directrice de la publication: Walter R. Thayer.

Editor for Asia: Michael Richardson, 5 Canterbury Rd, Singapore 0511. Tel: 477-7768. Tel: RS36928

Managing Dir. Asia: Walter Wells, 50 Gloucester Road, Hong Kong. Tel: 5-801061. Tel: 61170

Managing Dir. U.K.: Robin MacKenzie, 63 Long Acre, London WC2. Tel: 436-4902. Tel: 262009

Gen. Mgr. W. Germany: W. Lammert, Friedrichstr. 15, 8000 Frankfurt/M. Tel: (069) 226753. Tel: 16771

Pres. U.S.: Michael Connolly, 250 Third Ave., New York, N.Y. 10020. Tel: (212) 753-8892. Tel: 47175

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Latin Debt: Let's Keep Muddling Through

By David Rockefeller

The writer, former chairman of the board of Chase Manhattan Bank, is chairman of the Americas Society.

NEW YORK — Brazil's unilateral decision in February to suspend interest payments on its debt brought about a chain reaction of events, including the decision by Citibank, followed by Chase Manhattan and other U.S. banks, to increase their loan loss reserves. Bank analysts, shareholders and government regulators have praised the banks, and many observers seem to feel that at long last banks are taking their heads out of the sand and recognizing the inevitable.

In fact, of course, this transfer of funds — and that is all it is — has not cost the banks a penny. It also does not reduce the obligations of the debtor nations nor will it diminish the efforts by the banks to recover all the interest and principal represented by their current loans.

Thus, from a shorter-term and corporate perspective, the increases in bank reserves have had no real immediate impact on the overall debt situation. Moreover, they were actually followed by a significant increase in bank stock prices.

From a longer-term and international perspective, however, the implications of these moves are far more complex. One might question if all the recent drama really was necessary or was it hard to believe that the debtor nations could no longer import essential parts and equipment to expand production and exports — thus seriously impeding their prospects.

For one thing, although Brazil

made a mistake in acting unilaterally, it never had denied its permanent obligation to make interest payments. In fact, the new Brazilian economic plan and willingness to work with the International Monetary Fund may prove a first step toward the resumption of interest payments.

But Brazil's action and the reaction it triggered made it far harder to proceed with the more pedestrian course of step-by-step individual negotiations that has worked reasonably well in the last five years.

The real question of concern to lenders is the ability of borrowers to service debt, not whether they can pay it off. Debt is a fundamental component of creative investment and growth; rare is the nation or firm that can function effectively without it. The United States has more than its share of foreign debt, and would be hard pressed if asked to pay it all off at once. (In addition, of course, its domestic government debt is in excess of \$1 trillion and still climbing.) Yet the United States is viewed as a good risk because lenders are confident that the money they lend will be serviced on time.

Furthermore, it is a little recognized fact that the exposure of commercial banks in Latin America has decreased significantly in the last five years. In 1982 the nine largest U.S. banks had loans outstanding in Latin America that amounted to an average of 17.2 percent of their capital. While still large, by the end of 1986 this exposure had been reduced to about 10.9 percent.

Finally, the major Latin economies are quite resilient. Between 1980 and 1984, Brazil moved from a trade deficit of \$2.8 billion to a surplus of more than \$13 billion. Between 1981 and 1985, Mexico moved from a trade deficit of \$4 billion to a surplus of nearly \$4 billion.

These nations face serious problems again, but there is reason to believe that with patient cooperation among all interested parties these difficulties will not persist forever.

Mexico is already recovering impressively. And the interest payments of non-exporting Latin American debtors as a percentage of export earnings declined from 47 percent in

1982 to 34 percent in 1986. However, recovery requires sustained economic growth, which cannot be achieved through domestic structural or policy changes alone, as important as these are in Latin America.

Latin American nations must have more working capital as they adjust their economies, and this will require ongoing credit, albeit at a reduced rate. Increased exports will also be critical to economic growth, and the major industrial nations must refrain from protectionist policies that keep out these exports. They also must continue to grow themselves.

In view of recent developments that make likely a decreasing role by commercial banks in extending new credits to Latin America, however, the international agencies, especially the World Bank, must be far more active and creative in the future than they have been in the past.

In this regard, it is critical that Congress increase U.S. financial and moral support of the World Bank. The bank must have additional funds if it is to expand substantially its extension of credit. Americans are changing the possibility that they will also give in 100 SS-20 missile warheads that they had earlier insisted on keeping in Asia — if the United States will acquire in a tactful phasing out of 72 Pershing-IA rockets situated in West Germany under nominal dual German-American control.

Such an agreement would mean that Mr. Reagan would have succeeded in making the world of the triple-named SS-20. It would also remove various verification problems that would be posed for America in letting the Russians keep 100 SS-20s, their maintenance facilities and probably some limited production capability.

But Chancellor Helmut Kohl has made retention of the aging Pershing-IA as a point of honor. Britain and France would also be extremely unhappy about the precedent implied by Washington throwing a "third country" force into a U.S.-Soviet deal.

Under the terms of their original deployment, the IAs are scheduled to be out of service by 1989. A commitment not to replace them would probably result in the Soviets giving up the Asian SS-20. U.S. negotiators have been led to believe.

This is likely to be the last detail of the draft treaty to be settled when the Secretary of State, George Shultz and Foreign Minister Edward Shepherd meet this month in Washington.

The treaty is close enough for Democrats on Capitol Hill to have begun describing it as a "modest and flawed agreement" that should not be allowed to overshadow six years of U.S.-Soviet doldrums under President Reagan.

One presidential hopeful, Senator Joseph Biden, predicts that voters will understand that the INF agreement is a "sideshow" that "does not address the real issues of strategic arms and of defensive systems."

But Mr. Biden acknowledges that he and other Democrats will almost certainly vote to ratify an arms treaty negotiated by Mr. Reagan and sent to the Senate. "I would not have negotiated it that way," the senator said, but "it establishes a climate for the next president to make genuine progress," since Republican conservatives "will have called in their card of opposing arms control by supporting this questionable agreement."

The single most influential voice in the Senate on the treaty will be Sam Nunn, who is set to turn the debate into a more general confrontation over the administration's approach to the ABM.

The economic climate had its beginnings when the first cohort of American-educated students returned in the 1960s and began applying their knowledge to democracy. After the government indicated that there would be no movement toward change or democratization, support for the students became widespread. People applauded the marchers and supplied them with food and drink. Mothers' groups raised banners. Buddhist monks and Christian clergy joined in.

The government was reluctant to approve the aliancism and create martyrs by vigorous repression. Although it might not have been immediately apparent, the psychological balance of power had shifted to the students.

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New International Bond Issues

Compiled by Aimée Potter Harouche

Issuer	Amount (millions)	Mat.	Coupl.	Price	Price end	Terms
FLOATING RATE NOTES						
CARS	\$100	1992	0.1875	100.10	—	Over 6-month Libor. Collateralized by bank guaranteed notes and environment bonds. Fees 0.15%. Denominations \$100 million.
Central Finance	\$130	1997	0.275	100	99.92	Over 3-month Libor. Callable at par in 1989. \$100 million issued now and \$30 million reserved for a 1-year top. Fees 0.15%. Denominations \$100 million.
Portugal	PF 700	1995	0.20	100.05	99.60	Over 3-month Libor, unless interest is 25% or more than 3-month Paris interbank offered rate, in which case the coupon becomes 30 basis points over 3-month Libor. Callable in 1988 at par, and on every coupon date thereafter. Fees 0.50%.
FIXED-COUPON						
Banifino	DM 100	1993	5%	112	110.00	Each DM 5,000 note with 12 one-year warrants exercisable into \$300 at 1.83 Deutsche marks per dollar. Fees 1.0%.
European Investment Bank	DM 200	1995	6%	99.13	—	Noncallable. Fees 1.0%.
Koninklijke Nederlandse Hoogovens en Staalfabrieken	DM 150	1993	6.1%	100	98.00	Noncallable. Fees 2.0%.
European Investment Bank	ECU 150	1997	7%	101	99.00	Noncallable. Purchase fund to start Aug. 1987, buying up to ECU 10 million in first year, ECU 10 million in second year, a ECU 5 million in third year. Noncallable. Fees 2.0%.
Carlsberg-Tuborg	CS 50	1997	10	101	97.63	Noncallable. Fees 2.0%.
Sumitomo Bank Capital Markets	CS 100	1992	9%	101%	99.50	Noncallable. Fees 1.0%.
World Bank	CS 150	1992	9%	101%	100.33	Noncallable. Fees 1.0%.
Berliner Bank	Aus\$ 50	1990	14	101%	101.00	Noncallable. Fees 1.0%.
Deutsche Bank Australia	Aus\$ 125	1990	13%	101%	100.63	Noncallable. Fees 1.0%.
Oesterreichische Laenderbank	Aus\$ 50	1990	14	101%	99.75	Noncallable. Fees 1.0%.
Kraft	Y 15,000	1992	5%	101%	99.50	Noncallable. Fees 1.0%.
World Bank	KDNor 30	1994	7%	100	—	Noncallable. Fees 1.0%.
EQUITY-LINKED						
Chase Finance New Zealand	\$ 75	1997	5%	100	—	Each \$1,000 bond convertible into 425 company shares of \$2.94 New Zealand per share and of \$1,675 New Zealand per dollar. Redemable in 1992 to yield 10.65%. Fees 2.0%.
C. Itoh	\$500	1992	open	100	97.00	Coupon indicated at 2.0%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares of an expected 2.0% premium. Fees 2.0%. \$30 million in Europe and \$20 million in Asia. Terms to be set July 8.
Enhart	\$ 50	2002	6%	100	99.75	Convertible of \$3 per share, at 18.7% premium. Fees 2.0%.
Kojima	\$200	1992	1%	100	91.00	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares of 974 yen per share and of 147.45 yen per dollar. Fees 1.0%.
Mentor	\$ 30	2002	6%	100	94.75	Convertible of \$1.60 per share, at 15.03% premium. Fees 2.0%.
Nichirei	\$100	1992	1%	100	98.00	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares of 974 yen per share and of 147.45 yen per dollar. Fees 2.0%.
Nichirei	\$ 50	1994	2%	100	92.00	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares of 974 yen per share and of 147.45 yen per dollar. Fees 2.0%.
Nippon Shinpan	\$400	1992	1%	100	92.00	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares of 974 yen per share and of 147.45 yen per dollar. Fees 2.0%.
Nokia	\$100	1992	5	100	—	Each \$5,000 bond with 134 warrants, each exercisable into company's shares of 1.640 per share and of 148.10 yen per dollar. Fees 2.0%.
Chiyoshi Road Construction	\$ 25	1992	1%	100	—	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares of 1,005 per share and of 147.90 yen per dollar. Fees 2.0%.
Oikuma	\$100	1992	1%	100	92.00	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares of 863 yen per share and of 148.10 yen per dollar. Fees 2.0%.
Oricido Cement	\$100	1992	open	100	98.00	Coupon indicated at 2.0%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares of an expected 2.0% premium. Fees 2.0%. Terms to be set July 8.
Samaku	\$100	1992	open	100	98.00	Coupon indicated at 2.0%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares of an expected 2.0% premium. Fees 2.0%. Terms to be set July 7.
Shingawa Fuel	\$ 50	1992	1%	100	96.00	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares of 1,415 yen per share and of 147.75 yen per dollar. Fees 2.0%.
Toyota Motor	\$800	1992	1%	100	97.00	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares of 2,009 yen per share and of 148.45 yen per dollar. Fees 2.0%.
Yamanouchi Pharmaceutical	\$100	1992	1%	100	100.00	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares of 4,346 yen per share and of 148.10 yen per dollar. Fees 2.0%.
Land Securities	£ 84	2002	6%	100	101.00	Semiannual. Convertible of 67 pence per share, at 16.87% premium. Fees 2.0%.
WARRANTS						
Banque Indosuez	0.50	1989	—	\$40	—	Put warrants giving the right to sell \$500 Australian at \$0.70 U.S. per Australian dollar.
Banque Indosuez	0.50	1989	—	\$22	—	Call warrants giving the right to buy \$500 Australian at \$0.70 U.S. per Australian dollar.

EUROBONDS: Tax Blunder by U.S. Further Cuts Investors' Confidence

(Continued from first finance page)

ice, which would be unlikely to be able to replace at a competitive cost \$400 million of primary capital notes outstanding.

In any event, the Treasury is now attempting to remedy its error and leave the tax status unchanged — making it unnecessary for the U.S. companies to call this debt.

Assuming that Congress approves the tax exemption, one would think that the furore and outrage would evaporate. Ah, but that life was so simple, allowing mistakes to be erased by a de facto — albeit clumsy — apology.

On top of everything else, the Treasury has now unleashed a legal folly that promises to be a nightmare for investors as well as some issuers and a certain delight only for the lawyers.

That's because the language contained in the bond documents setting the conditions that trigger a call vary considerably and, in some cases, is quite general.

In the majority of the issues, the language is absolutely clear — stipulating that the paper is callable only if a tax would be imposed before the next coupon payment date, or insisting that "all best efforts" be made to avoid tax imposition before the right to call can be exercised. Issues with this language could not legally be called now that the Treasury is seeking tax exemption.

Probably equally restricting is language that limits the right to call only if there is a "strong probability" that tax will be imposed.

However, a problem arises where the language is more vague — permitting a call if the possibility of imposition exists. As no one can be certain whether Congress will approve the Treasury's request, the possibility clearly is there. In some cases, a change in U.S. tax policy is all that's needed to justify a call.

So far, three companies have announced plans to call issues.

Bank of Boston Corp. said its Netherlands Antilles subsidiary would call at par on Aug. 31 in

\$100 million of 14% percent notes issued in May 1982 and due for repayment on June 1, 1989. The notes are only callable if there is a change in the tax status. Reuters quoted a spokesman as saying that the bank was going ahead with the redemption despite the Treasury's exemption plan.

The bank's notes, which had been quoted at 109% shortly before the Treasury's announcement, will be redeemed at 100 — a 9% percent loss, at least on paper, for investors.

Also announced to be called are the zero-coupon bonds issued by Caterpillar Financial Services, one due in 1992 and another in 1994, and R.J. Reynolds Overseas Finance, due in 1992.

Caterpillar's 1992 notes had been trading at 63%, or \$63.75 for each nominally valued \$1,000 security. They will be redeemed at 100 — a 25% percent loss, at least on paper, for investors.

The bonds of Reynolds (now called RJR-Nabisco) trading at 66% will be redeemed at a price of 24.3% — a loss of 25% for investors.

Over the past two years there has also been a steady erosion of investor confidence in the quality of U.S. corporate debt as companies — often overnight — hurried from as high a credit rating as AAA to as low as BBB in the aftermath of takeover battles (Beaute Cos.), leveraged buy-outs (Macy's), or lawsuits (Texas).

"A new era is painfully being born," says Jerome Goldstein, managing director at Sanwa International Ltd. and a long-time participant in the Eurobond market.

However, lawyers report that managers at some companies fear they could be sued by stockholders for failing to exploit any opportunity to lower financing costs. The companies also fear that they may be sued by bondholders for failing to exercise "all best efforts" to avoid taxation by having neglected to remit the debt issued via the Netherlands Antilles when it was possible under the change in the U.S. tax law in 1984.

Beyond the legal issues, there is the permanent damage to the Eurobond market.

Bankers warn that those U.S. companies that exploit the opportunity to call their Eurobonds even

Activity Picks Up In Credit Market

By Carl Gewirtz
International Herald Tribune

PARIS — Activity in the international credit market picked up sharply during the first half of this year with the volume of new credits up 37 percent from a year ago.

Data compiled by the Organization for Economic Cooperation and Development shows \$36.6 billion worth of syndicated loans arranged so far. If maintained,

the volume of new credits would be up 37 percent from a year ago.

However, the access of developing countries to new credits remains extremely limited and totaled \$14.4 billion during the first half. This included \$7.7 billion of new money for Mexico arranged as part of its rescheduling of past debts.

Lending to Eastern Europe was down 20 percent from the total a year ago to \$1.8 billion, which included the equivalent of \$72 million raised in the Eurobond market.

The program also includes the possibility of issuing in different currencies.

Salomon Brothers is arranging the program and will act as dealer along with First Chicago, Merrill Lynch, Swiss Bank Corp. and S.G. Warburg.

Atlas Copco, the Swedish engineering, mining and construction equipment group, has established a medium-term note program under which it can have up to \$100 million of notes outstanding at any time.

The rate of interest on all segments is identical — 14 percentage points over the appropriate interbank offered rates.

The aim is to refinance part of the high-cost junk bonds issued by the management to buy the company from Unisys last year. As the company's debt-to-equity ratio improves from the current level in excess of 3/1, the rate of interest will decline.

When the key ratio is less than 3/1 but greater than 1/1, the rate of interest will drop to 1 point over Libor and when the ratio slips below 1/1, the margin on the loan drops to 1/2 point over Libor. The commitment fee is also a sliding scale, ranging from 50 to 25 basis points, which is 0.50 to 0.25 percentage points.

The notes will be issued at 5 percent and for any maturity, although the issues are expected to be concentrated in the one- to five-year area, in amounts to be decided between a dealer and the borrower at the time of issue.

Storbrand, a Norwegian financial services company, has arranged a \$250 million Euro-commercial paper program and a \$35 million in line, \$15 million in Belgian francs, \$15 million in French francs and \$10 million in Canadian dollars.

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NASDAQ National Market

OTC Consolidated trading for week ended Friday,

473

Mutual Funds

**Figures as of close of trading Friday
July 3**

NEW YORK (AP)—

(Continued on next page)

American Exchange Options

Figures as of close of trading Friday.

July 3

EXPORTS: U.S. Firms' Success

(Continued from Page 7)

its Japanese supplier, Matsushita Electric Industrial Co., to bring some of the American company's color-television production back east, to a Bloomington, Indiana plant that GE inherited as part of its merger with RCA Corp.

But probably the biggest boost to U.S. competitiveness and confidence comes from foreign manufacturers with American plants, which are finding for the first time that it is cheaper to make and export goods from the United States than from home.

Honda, which appears to be embarking on a sizable export program from the United States, announced last week that it would ship motorcycles that it builds in Marysville, Ohio, to Japan next year. The U.S.-built Accord already is being shipped to Taiwan, and the company is planning to go ahead with exports to Japan in the next two to three years, barring major currency shifts.

This atmosphere is generating optimism in American companies as they face foreign competitors and the trade picture brightening, there appears to be a consensus that raising prices would be a mis-

take and ignoring the demands of foreign customers for high-quality products would be fatal.

"There is no question you will see a big increase in exports overseas," said Edward Davis, professor of business administration at the University of Virginia's Darden School. "But it will have a lot to do with our quality image."

Car Sales Slump Badly in Brazil

By Peter

SAO PAULO — Brazil's car industry had its worst domestic sales for 15 years in the first half of 1987, but exports boomed, automakers said Saturday.

The industry association said domestic sales from January to June totaled 279,839 vehicles. The industry expects to sell 550,000 vehicles in Brazil this year, after 877,000 last year. Inflation and high taxes on cars have sliced cut demand.

But exports, worth \$1.6 billion all of last year, hit \$1.16 billion in the first half of 1987.

Even companies in industries that have been brutally battered by low-cost imports, such as steel and shoes, are now landing foreign orders in countries that are their trade nemesis.

With the trade picture brightening, there appears to be a consensus that raising prices would be a mis-

WOMEN: Be It Frau or Fräulein, German Corporate Ladder Usually Ends in Kitchen

(Continued from Page 1)
percent, or roughly 155,000 women, a year.

"It is all a question of what one wants," Viola Hallmann, the chief executive of Theil Kaltwalzwerke GmbH, a small steel company in Hagen, said in a recent magazine interview. "The most important questions you have to decide for yourself are: Do I build a career? Do I want a family? Do I want children?"

Mrs. Hallmann, who took over a family business and also owns 50 percent of the company, is a rare exception. She is married, has a child, and runs a heavy industrial concern. Many other women give up their careers.

A lot of good management potential gets lost due to the fact women choose a role as a housewife or mother," Mr. Jörg said. "And companies are reluctant to move women into higher management because they may decide to have children and leave."

But the decision to abandon a career for marriage or family life is also reinforced by limits that companies place on opportunities for women, he said.

"I think many women decide for the housewife thing because they are frustrated, not because they want to," Mr. Jörg said. "Told by male superiors they have no future, they see no reason to continue."

An executive secretary for a large German company, who asked that her name not be used, said: "I'm 30 years old, and I am considering getting married. I take courses to improve my skills and to learn management techniques. The company pays for my studies, and they helped me move up as a secretary. But now where do I go? I don't have a chance to use much of what I've learned, and I'm bored with routine office work."

The equality of opportunity guaranteed women under West German law remains more theory than reality. Government statistics show women earn on average 25 percent less than men. In the universities, 95 percent of the professors are men, although 40 percent of the students are women.

The German Women's Council is a recent report that despite women's expanding role in the economy, "Economic recessions and unemployment strike them disproportionately, and there are hardly any women in top business positions." The council said the gross hourly wage of men in private industry in 1984 averaged 16.59 Deutsche marks (\$9 at current exchange rates), and that of women only 12.00 DM.

Told by male superiors they have no future, women see no reason to continue.

— Karl Jörg,
business teacher

The type of careers women choose is also a factor, according to a recent survey by the weekly newspaper *Die Zeit*. Most women still pursue traditional "female" occupations.

Women with university degrees who enter business, regardless of their field of study, tend to be channeled into public relations, personnel, advertising or training, the survey said.

But Dorothea Aszig, a Berlin economist who is also a career and financial adviser, said, "Women frequently make themselves a bit small" in financial dealings. "And they are shy if they don't have very much experience in dealing with the bank."

Mrs. Mast, who also teaches at the universities of Munich and Zurich, said in a recent article in West German business weekly *Wirtschaftswelt* that from her experience "the position of women in business life has strengthened in the past several years."

Numerous studies by West Ger-

man universities indicate women are at least as capable managers as men, and are actually better suited in some areas.

Mr. Jörg, who is also the personnel director for Air France in West Germany, said his 15 years of teaching practical management supports the university findings.

"They are better at teamwork, achieving group goals and they have more sensitivity," he said. "Major global companies such as IBM and Procter & Gamble, which pioneer in management techniques, have recognized that it is very important for managers to have the right sense for handling people and that women excel in this area."

Despite the praise, male and female executives questioned women's desire to achieve a leading role in business.

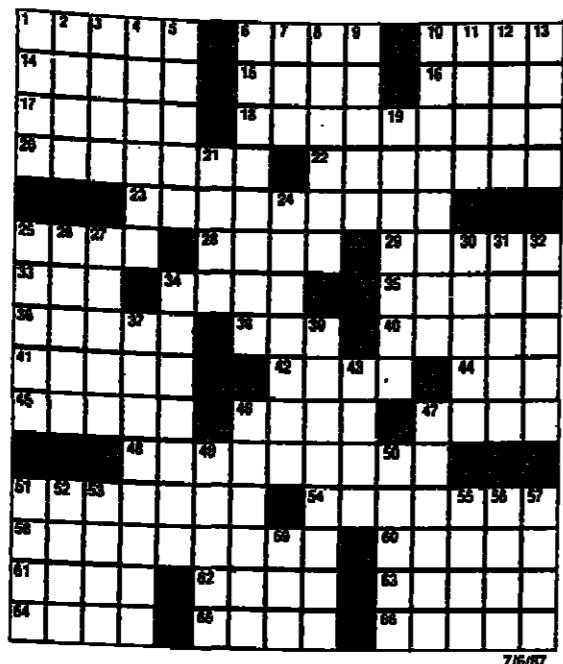
"Most women are simply too prim to gain acceptance," said Mrs. Hallmann. "They rob their own chances by not knowing what they want."

— By John W. Miller

NASDAQ National Market

OTC Consolidated trading for week ended Friday:

	Sales in 100s	High	Low	Close	Chg.	Net Chg.	Sales in 100s	High	Low	Close	Chg.	Net Chg.	Sales in 100s	High	Low	Close	Chg.	Net Chg.	Sales in 100s	High	Low	Close	Chg.	Net Chg.	Sales in 100s	High	Low	Close	Chg.	Net Chg.	
(Continued)																															
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Galaxy	24	770	724	750	+14	+14	Intel	45224	4514	4496	+12	+12	Intel	207215	2120	2084	+112	+112	Intel	1020	1010	990	990	+10	+10	Intel	1020	1010	990	+10	+10
Galaxy	76	112	108	112	+14	+14	Intel	1020	1010	990	+10	+10	Intel	207215	2120	2084	+112	+112	Intel	1020	1010	990	+10	+10	Intel	1020	1010	990	+10	+10	
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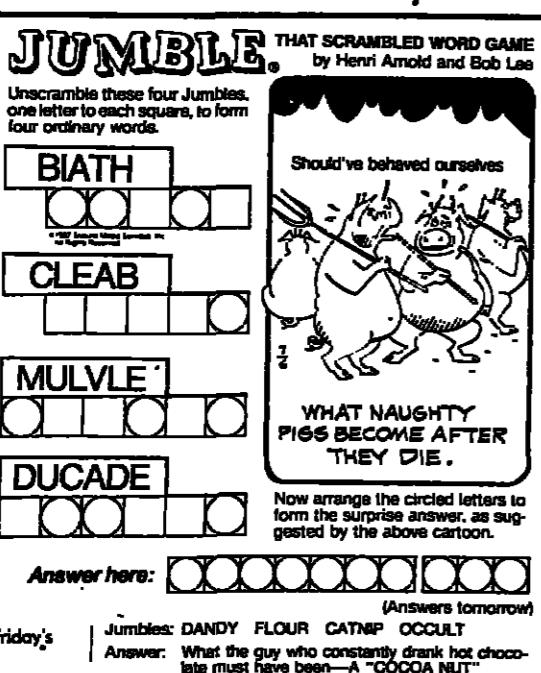
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veh.

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DENNIS THE MENACE



Friday's Jumble: DANDY FLOUR CATNAP OCCULT
Answer: What the guy who constantly drank hot chocolate must have been—A "COCOA NUT."

WEATHER

EUROPE		ASIA		
HIGH	LOW	HIGH	LOW	
Algeria	24	15	24	15
Austria	24	15	24	15
Barcelona	24	15	24	15
Berlin	24	15	24	15
Bulgaria	24	15	24	15
Budapest	24	15	24	15
Copenhagen	24	15	24	15
Delhi	24	15	24	15
Dubrovnik	24	15	24	15
Florence	24	15	24	15
Frankfurt	24	15	24	15
Helsinki	24	15	24	15
Lesotho	24	15	24	15
London	24	15	24	15
Madrid	24	15	24	15
Milan	24	15	24	15
Moscow	24	15	24	15
Munich	24	15	24	15
Paris	24	15	24	15
Prague	24	15	24	15
Rome	24	15	24	15
Stockholm	24	15	24	15
Venice	24	15	24	15
Vienna	24	15	24	15
Zurich	24	15	24	15

MIDDLE EAST

	HIGH	LOW
Ankara	24	15
Bahrain	24	15
Beirut	24	15
Baghdad	24	15
Jerusalem	24	15
Tehran	24	15

OCEANIA

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Sidney 14 52 10 50 Fr

SPORTS

Cash Beats Lendl in 3 Sets at Wimbledon

The Associated Press

WIMBLEDON, England — Pat Cash's rocket serves and rifled volleys shot down Ivan Lendl's dream of a Wimbledon tennis championship Sunday, with the brash Australian beating the world's top-ranked player, 7-6 (7-5), 6-2, 7-5.

On a sunbaked Centre Court, Cash became the first Australian since John Newcombe in 1971 to win the men's title. He did it like Newcombe, with muscle, and kept from Lendl the title he wants most.

After closing out his first Grand Slam tournament title with a forehand volley winner at 2 hours, 45 minutes, Cash climbed through the standing-room section at the side of the court and up to the box where his family and friends were sitting.

He embraced his father, his girl friend and others as the spectators cheered and those in the Royal Box gazed excitedly at a scene unknown at the staid All England Club.

"I wanted to share this with those closest to me, the people who mean the most to me," Cash said, adding that he had been nervous about losing since clinching a berth in the final on Friday.

"I had butterflies for a day. My legs were like jelly this morning," he said.

On court, Lendl sat in a chair and sipped a drink. His quest for a title on Wimbleton's grass, a title that he said he would give up some of his five other Grand Slam victories to get, had vanished in the smoke of Cash's blazing game.

"It's very frustrating," Lendl said. "I couldn't make an impression on his serve."

Cash had 36 service winners and four aces, and didn't give up a point on his serve in the second set. Lendl had just one service break.

"I felt I served well and don't think he returned well," Cash said, "and that gave me a lot of free points."

Shutting out Lendl on his serve for a full set, Cash added, was "pretty amazing."

Cash had lost in the finals of the Australian Open to Stefan Edberg last January. He is an acclaimed grass-court player, a semifinalist at Wimbleton in 1984 and a quarterfinalist last year, less than two months after an appendicitis operation, and had beaten Lendl in their last meeting in the semifinals in Australia.

He came into this tournament with an image problem. Some remarks he made in an interview with a British magazine, that women's tennis was boring, infuriated many players, men and women alike.

But his own tennis in this two-week tournament was anything but boring. He lost just one set on the way to the final, to third-seeded Mats Wilander, and ended Jimmy Connors's quest for a third Wimbleton title in the semifinals.

The closest Lendl came to a break in the first two sets was at 40-40 in the seventh game of the first set. Cash saved that point with a long forehand smashed into the corner.

From 6-3 in the tie breaker to 40-15 in the second game of the third set, Lendl could not get a point on his serve.

Cash held at love for 5-3 on a long service return, then broke Lendl on a sixth double fault. Two netted returns, a service winner and a long forehand evened the set at 5-5 for Cash, and he broke again, for 6-5, zooming to a 0-40 lead before Lendl saved two of the break points. Lendl then netted his racket to the grass after a double fault.

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POSTCARD

Cooked in the U.S.A.

By Janice Randall
New York Times Service

DARIS — In July 1986, to coincide with the centennial of the Statue of Liberty, Elle magazine put out a "Special U.S.A." issue telling readers where in Paris to find Ralph Lauren clothes, Oshkosh overalls, baseball and football clubs and Mickey Mouse T-shirts. But nowhere in Paris could the editors find a French edition of an American cookery book.

Less than a year later, two Americans have done more than translate an existing book; they have written one of their own: "Le Grand Livre de la Cuisine Américaine." The authors, Sheila Malovany-Chevalier and Constance Borde, have lived in Paris since 1964 and teach at the Institut d'Etudes Politiques. Published by Editions Hermès in Paris, the book has more than 400 traditional and contemporary recipes in a dozen chapters on topics ranging from brunch to Thanksgiving dinner.

Malovany-Chevalier and Borde, who were friends at Douglass College in New Jersey, had earlier written a pair of English grammar texts for French students. They have strong ties to both the United States and France.

The authors, who are both 45 years old, first tapped their own resources and skills. Both invite French guests to their homes for standard American fare like glazed ham and cheesecake.

Once they had exhausted their own recipes they consulted cookbooks and food magazines and called on friends for inspiration. Their goal was to gather the widest variety of American dishes, including ethnic ones, that were typical but could be made using ingredients easily found in France.

Not surprisingly, the book's recipes include those for shepherd's pie, corn bread and meat loaf, along with Yankee pot roast and Southern fried chicken. The several Jewish and Italian dishes reflect, respectively, Malovany-Chevalier's and Borde's origins. And with recipes for apple crisp and Indian pudding, gingerbread and marble cake, the lengthy dessert chapter, the authors say, will seem most foreign to the French, masters and lovers of fancy pastries.

"Most of our recipes are simple and practical — that's what makes them American," Malovany-Chevalier said, adding that they shied away from dishes that too closely resembled French cooking. She justified a chapter on quiche by saying that "Americans with imagination helped it evolve beyond quiche Lorraine."

Also important were accurate measurements. They converted recipes to metric measurements then tested and retested them.

Drawings are provided to explain unfamiliar procedures. The book's illustrator, Mireille Maitrot, who is French, even drew chocolate chips to scale. Ready-made chips are not widely available in France, but with the illustration, readers know how small the chips chopped from a chocolate bar should be.

They also learn exactly what muffins, pickles and granola are, that a pancake is not a crêpe and that bagels taste better toasted. "We have to assume that our readers don't know a word of English and have never been to the States," Malovany-Chevalier said.

On the other hand, those French who have traveled to the United States might be the best customers for the book. Among some 6,000 titles on food and wine in La Librairie Baudouin's book shop here, La Librairie Gourmande, there has been until now just one French-language volume on American cooking — "Le Cuisine Américaine," a translation published by Time-Life in 1969. It stirred little interest among her French clients because, she said, many still equate American cuisine with fast food.

"I'm relieved to see a lobster, not a hamburger," she said, glancing at the new book's cover photograph. Malovany-Chevalier sees the book as an introduction to American food and as a work whose creative and easy recipes could change cooking habits. Further, she said, the superior quality of some French ingredients (cheese for example) made American cooking taste even better.

Indeed the authors agreed that if they were still in the United States they would rely more heavily on frozen foods than they do in France and probably would never have baked a cake from scratch. "Our thing is for sure," Borde said with conviction. "We wouldn't need a hammer to make our chocolate chips."

Liber Peseck's East-West Baton

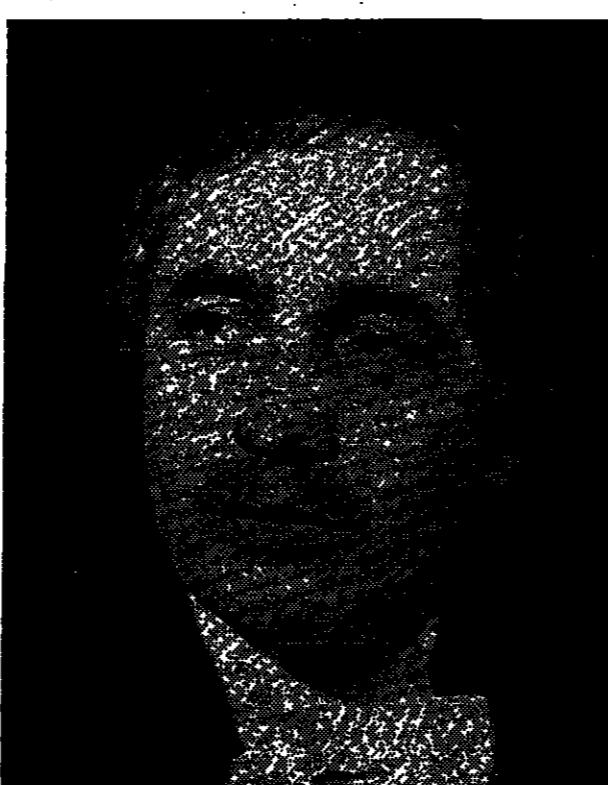
By Andrew Clark

PRAGUE — The barriers between East and West seem to have little meaning for Libor Peseck. In addition to his official designation here as permanent conductor of the Czech Philharmonic Orchestra, Peseck has just taken up the post of chief conductor and artistic adviser of Britain's Royal Liverpool Philharmonic Orchestra. One of his country's most versatile musicians, Peseck, 53, is the first conductor still resident in East Europe to have signed a chief conductor's contract with an independent orchestra in Britain.

Liverpool's interest in Peseck developed after he took part in a festival of Czech and Slovak music in London two years ago. He made an acclaimed guest appearance in the orchestra's winter subscription series, and the players — whose previous chief conductor, Marek Janowski, had resigned not long before — asked for Peseck to be invited back. It was not long before Peseck was offered the job.

The result is a three-year contract lasting to the end of the 1989-90 season. Peseck will devote 10 to 12 weeks a year to the orchestra's concerts in Liverpool and the surrounding area, to which will be added touring and recording work. This summer he is conducting the orchestra at the Fishguard, Stratford-upon-Avon and King's Lynn festivals, and taking it to tour in Spain. Next year Peseck and the orchestra have been signed up to appear together at the BBC Promenade Concerts in London, and to take part in a festival of English music in Prague. Plans are already being made for a European tour in 1990 to celebrate the orchestra's 150th birthday.

Peseck is a colorful personality, whose flamboyant charm and playboy image belie a serious musician. He has a gift for communication — his English is excellent — and his platform style incorporates a large, descriptive baton technique and strong rhythmic flair. Speaking during rehearsals for a recent concert here commemorating the 200th anniversary of the premiere of Mozart's "Don Giovanni," Peseck said he would not have accepted the Liver-



Conductor Peseck: "An open marriage."

pool post if it had meant breaking the continuity of his appearances in the Czech capital, where he was brought up. He will keep his title with the Czech Philharmonic, and will build his association with Liverpool through frequent short visits each season. Peseck said the 90-minute air link between Prague and London made it easy for him to communicate, "without having to carry my personal life over to Liverpool with me."

As a student, Peseck played piano, cello and trombone. He had his own swing orchestra — "I was a dedicated jazzman in my day" — and attended assiduously the rehearsals of visiting guest conductors such as George Szell, Charles Munch and Erich Kleiber, as well as those of the great Czech conductor, Václav Talich in his final years. "It was the best schooling I could have had." At the age of 26, he founded the Prague Chamber Harmonic, a wind instrument group,

and later covered "everything

from Mozart to Messiaen" with the Sebastian Orchestra, before working for 15 years in the Netherlands. The Dutch connection, which came a year after the Soviet invasion of Czechoslovakia in 1968, was interspersed with visits home to conduct the state chamber orchestra at Pardubice in east Bohemia, and led to engagements with most of the major Dutch orchestras.

Looking back, Peseck says he stayed too long in the Netherlands. His return to Czechoslovakia paid rich dividends, however, with a year in Bratislava as chief conductor of the Slovak Philharmonic Orchestra before being summoned to Prague as Václav Neumann's deputy with the Czech Philharmonic. His career demonstrates that it is possible to reach a top position in Czech musical life without Communist Party affiliations.

His programs in Liverpool are likely to reflect his catholic taste,

particularly the experience he has gained conducting French and contemporary music in Czechoslovakia, where his recordings range from Ravel and Franz Schmidt to Martin's "The Greek Passion." Negotiations are currently under way between the Czech state record company Supraphon and the British Virgin label for a series of joint promotions featuring popular Czech and German repertoire, to be divided between Peseck's Liverpool and Prague orchestras. He says he will not be pushing the Czech or Slavic repertoire in Liverpool, but will aim to perform works that interest the orchestra. In coming weeks British audiences will hear him conduct music by Elgar and the contemporary British composer Oliver Knussen, as well as the Azrael Symphony by the Czech composer Josef Suk.

Peseck is pleased with the size of the concertgoing public in Liverpool, a city he described as "full of life, without facade or pretension." He also admires what he calls the "professionalism and self-respect" of British musicians, and says this was the factor that attracted him most to working on a permanent basis with the Liverpool orchestra. "They don't talk much. If they have something to work on, they go away and next day the concert back up prepared. There's no 'Please this' and 'Please that.' Their whole sense of rhythm and ensemble is finer than with Czech orchestras. I like the woodwind, and the strings are capable of an expressive without forcing the tone. There is less sound in terms of decibels, but more individual beauty."

"I think I respond to their youthful spirit. Everyone in and around the orchestra is dedicated and competent, making the life of the conductor easier and happier. Coming from Czechoslovakia, it makes me realize that too much security for musicians is reflected in the way they make music. As long as we like each other, we can stay together. It will be like an open marriage — if something doesn't work, we can always say goodbye."

Andrew Clark is a journalist and music critic based in Switzerland.

LANGUAGE

Breaking In a Point

By William Safire

WHAT now reached *breakpoint*?" President Reagan told the United States in a televised address. The word was obviously chosen with deliberation; later in the speech, while launching a crusade to hold down the deficit, he repeated the word that is not yet in most dictionaries and added his definition: "The choice is now upon each of us — as I said, we've reached *breakpoint* — decision time."

In a darkened room controlled by Richard Wirthlin, the president's pollster, sits a panel made up of 50 demographically balanced human beings. Each person has in hand a small computer, called the Popkin Superphone, which enables the panelist to register reactions to what the president is saying as he says each word. For example, if the president were to say "ayatollah," the people would press the negative buttons, marked E or F; if he were to say "Christmas," all but the word mispronounce would push down the happiness, abbey, approach buttons, A or B.

"At the first mention of the word *breakpoint*," a White House source said, "there was not much of a reaction, maybe because it was unfamiliar. But the second time, when the word was backed up by the words 'decision time' they really hit the positive button." Asked for confirmation, Wirthlin replied, "*Breakpoint* received a measurably positive response."

I next called the president's chief speechwriter, Anthony Dolan. After five minutes of ritual denial of having had anything to do with the speech, and a short dissertation marveling at the way Reagan writes all his own material, Dolan agreed to entertain a question about one word in Reagan's speech.

Was he aware, and was the president aware, that his word *breakpoint* is a term? It is defined in Tim Considine's "The Language of Sport" as "a situation in which the next point to be played could result in a service break for the receiver if the point is won by the receiver." The Merriam-Webster Sports Dictionary defines *breakpoint* as a situation "in which the receiving player or side will break the opponent's service by winning the next point."

"The 'follow-ups' tumbled out: 'One is computer lingo. According to Collins English Dictionary, a *breakpoint* is 'an instruction inserted by a debug program causing a return to the debug program.' The other is in accounting terminology, in 1975, U.S. News & World Report wrote: 'Here are the *breakpoints* of income on which no tax is paid, assuming deductions are not itemized.'

New York Times Service

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